

## **PACKAGING REGULATIONS — April 1, 2005**

Ockerlund Industries, Inc. has received several questions concerning the apparent disparity amongst destination countries participating in the IPPC Agreement. To answer some of these questions, we are re-posting an article originally posted on 4-16-04. Hopefully this will dispel some of the confusion concerning international shipping requirements.

### **International Solid Wood Packaging Regulations - 4/16/04**

#### **Global Conditions Require Sophisticated Understanding and a Tolerance for Ambiguity**

By Karen Wanamaker

The International Plant Protection Convention's (IPPC) ISPM 15 guidelines governing the treatment of solid wood packaging was designed to standardize requirements and meet the pest eradication needs of the 118 countries that were the original signatories to the agreement. Since then, another 16 nations have signed on.

Having signed the treaty, the next step was for the Plant Protection Organizations (PPO) of each country to implement a system that would be effective, practical and reliable. Soon, the United States, European Union (EU), Australia, China, Canada, Mexico and others were on the road to implementation. New Zealand was the first to complete the process; they were able to respond quickly by simply dropping the ISPM 15 regulations along side of their more stringent existing ones and telling shippers they could take their pick. The other countries named filed their intention to implement ISPM 15 with the World Trade Organization launched their internal regulatory procedures and made announcements as they made progress.

But something happened along the International trade route! One-by-one countries began changing announced implementation dates, not once, but several times. Then they began deferring enforcement, pledging lengthy phase-in periods.

It might alleviate some frustration toward this seemingly chaotic situation to understand the reasons behind some of the changes. Here are a few examples.

#### **Countries involved are not technically equal.**

Many countries in the treaty are ill-prepared to fumigate in the larger quantities necessitated by the addition of hardwood to the treatment requirements. Even fewer have access to heat treatment chambers, heat-treated lumber or the resources to purchase them. These nations have asked that the process be slowed down to give them time to prepare.

#### **Implementing a solid wood packaging treatment program is not a priority for some.**

One country for example, Haiti, was an early signer of the agreement. That country obviously has more pressing concerns at the moment. That doesn't mean, however, their country's shippers will accept exclusion from exporting their goods. There are many countries, for many reasons, lobbying the major countries of the world to delay implementation of the requirements.

#### **Foreign shippers are making accusations of "unfair trade barriers."**

The Animal and Plant Health Inspection Service (APHIS) is one of several U.S. agencies currently adding new import requirements. The Department of Homeland Security (DHS) is adding a multitude of new rules designed to protect Americans from terrorist attacks. Our trading partners, scrambling to adapt to the DHS regulations, have said the cumulative-effect of various agencies piling on with regulations has the impact of a trade war. They have urged a delay on non-national security regulations.

#### **The European Union has 10 new members.**

The September 2003 issue of PalletCentral listed for you the current members of the EU and those countries scheduled to join this May. The European Commission, which had initially been aiming at January 2004, announced its first delay to wait until the new countries were officially joined. But the process for treatment and marking for export, and inspecting for imports, is daunting. Consider that it took NWPCA some 16 months to get our Memo of Understanding with the Department of Agriculture as manager for the industry's methyl bromide fumigation program. Some of the new EU countries were simply unprepared to meet the July 2004 deadline. So the EU announced a second delay with no target date. To complicate things further, even when the European Commission establishes a new deadline, each EU nation will need to officially announce their implementation programs and enforcement procedures.

I hope you are beginning to realize there is nothing simple about international trade. Not only is there layer upon layer of government authority, there are also varying degrees of understanding of the regulations. There is also a range of competence levels. Some countries have bureaucracies with competing interests. Add to this the fact that some countries have official and unofficial procedures that can come into play. Any one of these elements can result in setbacks and unanticipated costs for shippers.

The list of countries participating in the IPPC regulations for solid wood packaging (ISPM 15) is below. Think of this list as an international chain, which is as strong as its weakest link. The larger, wealthier countries are trying to maintain a delicate balance between leading the process and moving it forward, while still accommodating countries with fewer resources and less developed infrastructures.

No one wants to break the treaty, because the long-term benefits will be protection against quarantine pests and baseline regulations with nominal deviations. Nor does anyone want to be in the position of launching a trade war. So the process will continue in fits and starts.

Will things ever be finally resolved? Doubtful. With 134 nations involved, the chance always exists that one or more might make regulations at odds with the international standard. Though a treaty is the place, no country is going to relinquish its sovereign right to change its policies in its own best interests.

Also, there is flexibility and the potential for change actually built into the regulation. For example, it lists several potential new treatment methods that could be added to, or replace current fumigation or heat treatment methods.

Our industry has experienced some growing pains in the last few years, and a great deal of that has to do with the rapid and ongoing expansion of the global supply chain. Maybe your customers are all within 300 miles of your plant, but if your customer is an international supplier, so are you. That means you will have to shoulder the complexities and vagaries described in this article.

If you read the most recent update, you'll see there is broad disparity among even our major trading partners. Take particular note of Brazil's recent implementation, which is retroactive to last January!

Our best advice in these chaotic times is to act as if the IPPC were in effect. Even then, you must pay careful attention to special implementation features such as Australia's 21-day expiration on treatment.

Your customers may be within a 300-mile radius of your company, but the fact that their customers are around the globe has pulled you and your association into the uncertain, confusing world of global trade and international regulations. NWPCA will stay on top of this and report to you as things change, offering as much clarity as this murky situation allows.

### **Countries that have signed the IPPC Agreement**

Albania	Czech Republic	Iran (Islamic Republic of)	Moldova	South Africa
Algeria	D.P.R. of Korea		Morocco	Spain
Argentina	Denmark	Iraq	Netherlands	Sri Lanka
Australia	Dominican Republic	Ireland	New Zealand	St. Kitts & Nevis
Austria	Ecuador	Israel	Nicaragua	St. Lucia
Azerbaijan	Egypt	Italy	Niger	St. Vincent and The Grenadines
Bahamas	El Salvador	Jamaica	Nigeria	Sudan
Bahrain	Equatorial Guinea	Japan	Norway	Suriname
Bangladesh		Jordan	Oman	Sweden
Barbados	Eritrea	Kenya	Pakistan	Switzerland
Belgium	Estonia	Korea, Republic of	Papua New Guinea	Syria
Belize	Ethiopia	Kyrgyzstan	Paraguay	Thailand
Bhutan	Finland	Laos	Peru	Togo
Bolivia	France	Latvia	Philippines	Trinidad & Tobago
Bosnia and Herzegovina	Germany	Lebanon	Poland	Tunisia
Brazil	Ghana	Liberia	Portugal	Turkey
Bulgaria	Greece	Libyan Arab Jamahiriya	Romania	United Arab Emirates
Burkina Faso	Grenada	Lithuania	Russian Federation	United Kingdom
Cambodia	Guatemala	Luxembourg	Saudi Arabia	United States
Canada	Guinea	Malawi	Senegal	Uruguay
Cape Verde	Guyana	Malaysia	Serbia & Montenegro	Venezuela
Chad	Haiti	Mali	Seychelles	Yemen
Chile	Honduras	Malta	Sierra Leone	Zambia
Colombia	Hungary	Mauritania	Slovenia	
Cuba	India	Mauritius	Solomon Islands	
Cyprus	Indonesia	Mexico		